

# **MAINE'S GUIDE TO PERFORMANCE MEASUREMENT**



Prepared by the Bureau of the Budget and  
State Planning Office  
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# Maine's Guide to Performance Measurement

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## EXECUTIVE SUMMARY

Maine law requires that state agencies develop performance measures for each of the State's budget programs to which the Legislature appropriates or allocates funds. The measures appear as part of the Governor's biennial budget proposal and, ultimately, the Legislature will act on them as part of the state budget process. The purpose of this manual is to assist agencies with developing and maintaining their performance measures. It provides guidance on establishing a comprehensive measurement system that will allow agencies and departments to produce and maintain meaningful performance information for use by decision-makers.

It is important to understand that performance measurement is part of the larger policymaking venue. Performance measurement does not supplant traditional decision-making, rather it organizes information so that policymakers can use it. Performance measures are designed to inform—

- inform decision-makers about what programs are accomplishing;
- inform agency program managers about what methods work to achieve public policy goals and what aspects of a program need improvement; and
- inform Maine citizens about what they are getting from state government.

A key goal of performance measurement is to assist decision-makers with fully assessing governmental performance. Performance measures provide information for decision-makers to know whether public policy goals are being achieved. For this to occur, performance measures must be relevant to the Legislature's policy outcomes and they must be clear, reliable, and useful. Agencies should seek input from their oversight committees when developing performance measures.

Performance measures are also useful to agency program managers. They can be used to make program management decisions, to direct work units, and to evaluate program accomplishments. Performance measures help managers identify areas that need improvement and to document what is working and what is not working. Performance measurement is yet another management tool to affect continuous improvement in the delivery of services to Maine citizens.

Citizen skepticism of government performance can be allayed, in part, by a full and clear scrutiny of public performance. For this reason, the performance measurement system is not complete until results are reported externally to citizens and stakeholders. Only then can Maine citizens understand the value of state services for the tax dollars spent.

Performance measurement is not a cure-all. Measures take time to develop. It takes experience to identify the best, most usable measures. Performance trends cannot be seen for several years. More important, performance measures by themselves do not explain why performance is at the level reported or how to improve performance. In fact, performance measurement data often raise more questions than they answer. Nevertheless, as long as decision-makers take a realistic approach to performance measurement, it can produce significant improvements.

## SECTION 1. INTRODUCTION

*Accountability means having responsibility to some higher authority. In a democratic society, the citizens are that higher authority. Public officials, who understand the importance of maintaining the public's trust, work to ensure that all activities and actions are consistent with the needs and demands of the citizens they are entrusted to serve.<sup>1</sup>*

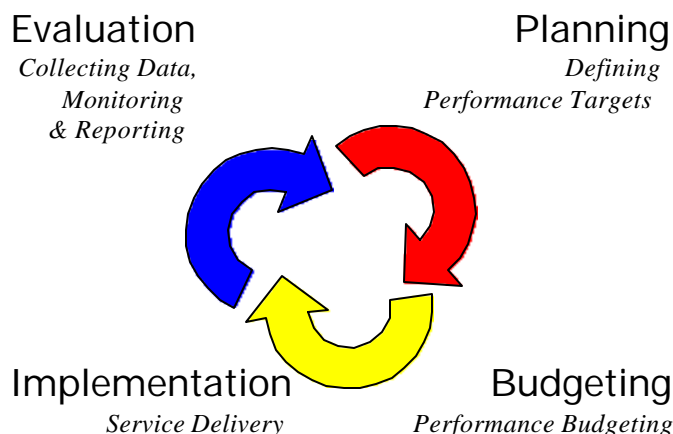
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Public agencies have traditionally been held accountable through financial procedures and rules. These procedures are designed to ensure that funds are spent properly –meaning they are spent on program directives authorized by the Legislature. Accountability for achieving policy goals (i.e. for performance) has been based on a murkier set of expectations. In contrast, recent trends emphasize managing for results or outcomes. This means clearly stating what a program or service is expected to do and then developing a method to track or measure how well it is doing. This differs from the more prevalent practice of simply measuring how many resources go into a program or service.<sup>2</sup>

Performance measurement is a method to measure progress of a public program or activity in achieving its intended purpose. It provides a system to define expected performance; track data and monitor progress towards that performance; evaluate whether or not the targeted level of performance is being achieved; and report performance to policymakers and citizens. Performance budgeting takes the concept one step further. It links the allocation of dollars to programs to achieve desired results.

While this manual focuses on development a performance measurement system, it is important to keep the entire policy process in mind.

### Managing for Results: The Big Picture



## Why Measure Performance?

With performance measurement, Maine State Government intends to:

- **Enhance Accountability:** Performance measures allow decision-makers and citizens to fully gauge the effectiveness of government programs.
- **Improve Service Delivery:** Performance information provides information on whether public programs, plans, and policies are working.
- **Communicate Agency Effort for Funds Invested:** Performance measures provide an assessment of the level of goods or services that can be produced with given resources.
- **Inform Citizens:** Performance measures explain for the public what is being done with their tax dollars.



Not only does Maine law require performance measurement, but other circumstances make it necessary as well.

## Performance Measurement Systems Required

Maine law requires state agencies to develop “measures of accountability,” or performance measures as part of the State’s performance budgeting legislation. Given the legal basis of many performance measurement programs, it is more than a passing fad.

- **Laws:** 48 out of 50 states require some system of measuring performance. Nearly 10 years ago, Congress passed the Government Performance & Results Act (GPRA-1993) that requires federal agencies to assess their performance.
- **Performance Partnership Agreements:** Many federal agencies require states to report on specific performance measures as a requirement of receiving grant funds.
- **Government Performance Project:** Maine is graded biennially on its efforts to implement performance management and compared to other states. Bond companies and lending institutions consider this when determining bond ratings or interest rates.
- **Governmental Accounting Standards Board:** Performance reporting will be required as part of government audits in the future.

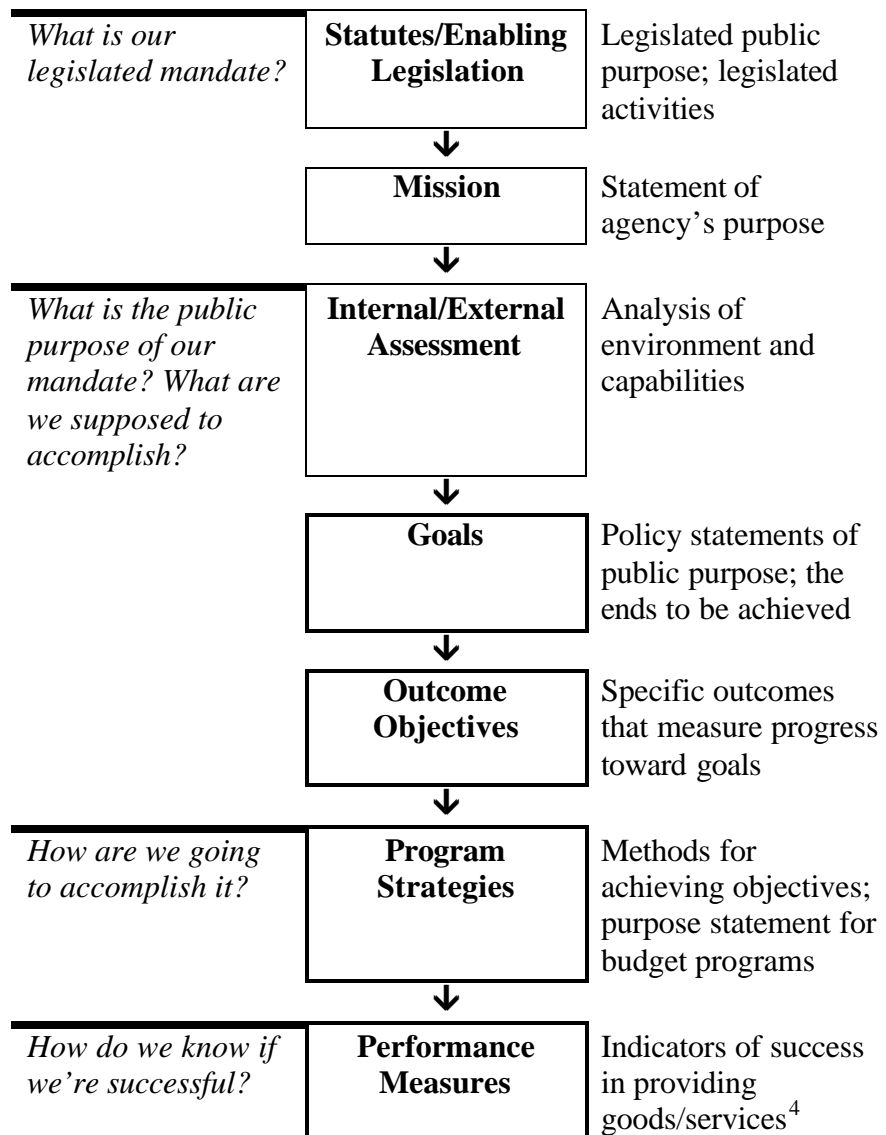
SECTION 2.  
A STRATEGIC  
PLAN LAYS THE  
FOUNDATION

**What Strategic  
Planning Tells  
Us**

**Maine's  
Strategic  
Planning Model**

*Performance measures do not provide information about whether the goals, objectives, or programs are the most appropriate ones. Policymakers must decide those questions in traditional policy and strategic planning processes.<sup>3</sup> Performance measures provide information about whether public policy goals are being achieved.*

- What is our legislated mandate?
- What is the public purpose of our mandate? What are we supposed to accomplish?
- How are we going to accomplish it?
- How do we know if we're successful?



### SECTION 3. TYPES OF MEASURES

*Agencies are accustomed to measuring many aspects of their work. They track how much they spend, how many staff they use, how many people they train, and how many invoices they process. However, too frequently, the measures don't tell us much about results or quality. A comprehensive measurement system gives an agency information about all aspects of performance.*<sup>5</sup>

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Generally, measures can be categorized into specific types. Each type of measure provides information about some aspect of the program being evaluated.

- **Outcomes:** what has changed for our customer?
- **Inputs:** what are the resources for our program?
- **Outputs:** what is our level of activity?
- **Efficiency:** how are our resources being used?
- **Service:** what do our customers think?
- **Cost-effectiveness:** what we are achieving for the dollars spent?
- **Explanatory:** what other information affects our performance?<sup>6</sup>

#### **Outcome Measures**

##### **What has changed for our customer?**

Outcome measures indicate the extent to which the program met its stated objective. They assess the impact of agency actions on customers or citizens. Outcomes represent the actual results achieved. Sample outcome measures might be:

- percent of people who breathe clean air
- percent reduction in the incident of highway fatalities
- percent of job trainees placed in a job
- percent of welfare recipients reduced due to new employment<sup>7</sup>
- corrections recidivism rate (rate of released inmates that reoffend)

*Intermediate Indicators:* For many government programs, their impacts may not be measured for many years or may not represent a single outcome, rather a series of outcomes that progressively lead to the program's ultimate outcome. For example, consider a state trade office whose outcome is to increase trade and create jobs. Because this is a long-term result, there may be intermediate outcome indicators to gauge its progress, such as:

- number of Maine firms deciding to export
- number of Maine firms making foreign market contact
- number of Maine firms delivering to a foreign market
- number of Maine firms adding new, export-related jobs<sup>8</sup>



*Surrogate Measures:* In some cases it is difficult to measure the actual outcome. The measure may need to be a surrogate measure. For example, the primary purpose of a fire service may be the prevention of fire. But it may not be possible to measure prevention. Instead, measures such as the amount of fire loss or fire spread after arrival may be used as reasonable surrogates.<sup>9</sup>

Clearly stating a program's expected outcome is not as easy as it appears. Frequently in the public sector diverse groups have differing and sometimes competing ideas about the most desirable outcome. For example, the outcome for a job training program might be simply that the trainee gets a job. Someone else thinks it should be that the trainee gets a job that pays a livable wage. Yet another believes the trainee should get a job that pays a wage equal to or greater than their prior wage. Still someone else believes the outcome is that the trainee gets a job that fulfills his or her career expectations. The best outcome is the one that is generally accepted and understood by program's users, policy-makers, staff and program managers, and citizens.<sup>10</sup>



### Tip:

An outcome is never about what the agency does; it is about what is different for others as a result of what the agency does.

## Getting to Outcome

### And then what?

To get from output to outcome, try asking yourself "...and then what?" until you reach a logical endpoint that represents a program's outcome. For example:

*Our objective is to organize one training session per month.  
...and then what?*

*We'll put 50 displaced workers through each session for a total of 600 workers trained by the end of the year.  
...and then what?*

*We'll compile a list of 100 companies that we know are growing and set up interviews for the trainees.  
...and then what?*

*We'll place at least half (300) of the trainees in those companies within one year.  
...that's the outcome!*

## HINTS ABOUT WHAT ARE AND ARE NOT OUTCOMES<sup>11</sup>

**Recruiting and training staff, purchasing or upgrading equipment, and support and maintenance activities.** These are internal program operations intended to improve the quality of program inputs. They indicate the volume of internal operations. However, the operations do not represent benefits or changes for the public or users and *are never outcomes*.

**Number of people served.** This tells the volume of work accomplished. In most cases, volume of service is an output. It tells nothing about whether anyone benefited from the service and therefore *is not an outcome*.

**Compliance by regulated entities.** This measures a response to an agency action, but does not tell us whether a citizen's or stakeholder's condition is improved. Assuring compliance with safety standards, for example, does not tell us if the number of safety-related accidents is decreasing. Thus compliance numbers are *not outcomes*.

**Customer satisfaction.** Most often, whether people are satisfied or not with various aspects of the program (i.e. timeliness, courtesy, etc.) does not indicate whether the person's condition improved because of the service. Thus customer satisfaction is *generally not an outcome*.

In rare instances, customer satisfaction may be part of a series of changes (an intermediate outcome) a participant experiences in achieving a successful outcome. In programs whose purpose is to meet basic needs, such as food kitchens and homeless shelters, it may be nearly impossible to track participants far enough beyond the immediate delivery of service to identify outcomes. In these cases, the program may have to settle for participant satisfaction as the closest approximation of an outcome it can measure.

In selecting outcome measures, an agency should take care that it can reasonably influence the outcome in a tangible way; that it can measure the outcome and cost-effectively attain the data; and that the outcome measure represents meaningful benefits or changes for customers. Good outcome measures tell a compelling, accurate story about what is happening to customers or citizens and provides a system to document changes over time.

### What are the resources for our program?

Input measures identify the amount of resources invested in the program that delivers the outputs and outcomes. Input measures, for example, can be used to show total costs, the mix of resources, or amount of resources devoted to one action in relation to another.

Sample input measures might be:

- number of full-time employees
- number of employee hours worked
- total operating expenditures
- dollars spent on equipment
- cost of equipment used<sup>12</sup>

## Input Measures

## **Output Measures**

### **What is our level of activity?**

Output measures represent the number of products/services provided or how much work was performed. In simple terms, they describe what came out of a process and how much was delivered. Output measures are limited because they give no indication about objectives being attained, the quality of the service or product, or the efficiency of the delivery of goods or services. Comparison of current output with output from previous periods only reveals variations or stability in work activity. Sample output measures might be:

- number of permits issued
- number of pavement miles resurfaced
- number of people trained
- number of students taught
- number of welfare cases managed
- number of police arrests<sup>13</sup>

## **Efficiency Measures**

### **How are our resources being used?**

Efficiency measures indicate the amount of work performed in relation to the amount of resources used. Frequently these measures are expressed as ratios to present information about the unit cost. Typically expressed as “cost per application processed,” “cost per lane-mile paved,” or “cost per pupil taught,” they may also be stated as “units produced per \$1,000.”

*Productivity:* Productivity typically refers to staff time as opposed to cost. Efficiency measures that evaluate productivity might be “units produced per labor hour,” or “forms processed per hour,” or “number of clients receiving service per case worker.”

*Process Efficiency:* Some measures might look at the efficiency of agency processes such as, “average number of days to process an application,” “average customer wait time,” or “number of rings to respond to a telephone call.”<sup>14</sup>

## **Service Measures**

### **What do our customer’s think?**

Service measures reflect the effectiveness of meeting customer expectations. They often include reliability, accuracy, courtesy, competence, responsiveness, and completeness associated with a product or service. Frequently, service measures require a survey of the targeted customer group, but other techniques may be appropriate such as: focus groups, observation, interviews, comment cards, etc.

*Quality of Service:* Another, less direct, way of determining quality might be to measure errors, corrections, or complaints. Quality measures might include: “percent of accuracy in issuance of licenses,”

## **Cost-effectiveness Measures**

“delay in customer response due to rework or corrections,” or “number of customer complaints.”<sup>15</sup>

### **What are we achieving for the dollars spent?**

Cost effectiveness measures combine elements of efficiency and outcomes in a single indicator. Frequently, they are difficult to formulate, but where the data can be accurately captured provide extremely valuable information to program managers and decision-makers. Samples of cost-effectiveness measures might be:

- cost per student graduating
- cost per percent reduction in the incident of highway fatalities
- cost per released inmate not reoffending (i.e. total cost of all activities aimed at reducing recidivism divided by the number of inmates not reoffending within two years)<sup>16</sup>

## **Explanatory Measures**

### **What else affects our performance?**

Explanatory measures are used to provide a variety of information that help users understand the agency’s performance. These frequently include elements outside of the agency control, such as demographic characteristics. Samples of explanatory measures might be:

- number of clients eligible for the program
- number of applications received
- density of population in area where public transit is being provided

Explanatory measures are not intended to “explain away” performance rather to provide relevant data that give decision-makers a context in which other measures can be considered.



### **Tip:**

It is more important to be able to select the best measures that describe what the program does and how well it does it, rather than being able to distinguish between all the various types of measures.

## Hierarchy of Measures



There are two levels of measures – policy and programmatic. It is important to recognize their different uses.

Performance measures inform decision-making at all levels. Policy decisions are often best discussed in light of outcomes (what is the program's purpose and is it achieving that purpose?). While program management and operational decisions are aided by output and efficiency measures (is the program performing well?). Measures aligned hierarchically ensure that programs support the achievement of public policy. What's more, if properly aligned, these measures can drill all the way down to the individual employee.

### Measures related to policy are usually outcome-oriented.

- ✓ Strategic
- ✓ Long-term
- ✓ Used to determine whether you are achieving your goals and objectives

### Measures related to programs are usually output-oriented.

- ✓ Operational
- ✓ Short-term
- ✓ Used to evaluate how well you are delivering goods and services

## Getting the Right Measure for the Right Level

Policy		Programmatic	
Policy-makers	Agency or Department	Work Unit or Bureau	Individual Employee
Inform policy dialogue	Improve program performance	Make staffing and operational decisions	Articulate individual contribution to goals and objectives
↓	↓	↓	↓
<i>Outcome Measure</i>	<i>Intermediate Outcome</i>	<i>Output Measure</i>	<i>Performance Expectation</i>
↓	↓	↓	↓
number or reported hunting accidents	number of violations of state hunting laws	number of hunters trained in gun safety	number of gun safety training courses conducted

## Progression of Measures

### Progression of Measures

Measures can be viewed on a spectrum with outputs at one end (level 1) and outcomes at the other end (level 5). In between are varying gradations of outputs and intermediate outcomes.

*Example*

**Output.....Intermediate.....Outcome**

1	2	3	4	5
<i>Agency Action</i>	<i>Response to Agency Action</i>	<i>Change in Pressures</i>	<i>Change in State or Status</i>	<i>Change in Human Condition</i>
# of smoking cessation classes taught	# of people attending classes	# of people that stop smoking	% change in number of smokers statewide	% change in smoking-related illnesses
# of offenders provided education and treatment	# of participating offenders who attain GEDs or find jobs	# of offenders whose behavior changes	% change in recidivism rate	% of citizens that feel safe

## SECTION 4: DEVELOP A PERFORMANCE MEASUREMENT SYSTEM

*A comprehensive performance measurement system can build support for an agency's overall public purpose both internally and externally. Ongoing commitment is essential. The agency's words and actions must demonstrate the effort's importance. Good communications is also critical. Citizens and staff at all levels should understand the purpose of measures and how they are used.*

## 10-Step Performance Measurement System

Planning and implementing a performance measurement system is a daunting task. No matter what the agency size, its number of programs, or its level of sophistication with today's technology, putting a system together is a challenge. It requires commitment, time, and resources.<sup>17</sup>

There are ten steps to developing a comprehensive performance measurement system:

***Step 1: Foster  
Internal/External  
Communication***

1. Foster internal/external involvement and communication
2. Select your performance measures
3. Evaluate your measures
4. Calculate your performance measures
5. Collect your data
6. Identify improvement opportunities
7. Set performance targets
8. Analyze data and evaluate performance
9. Use performance information as a management tool
10. Report your performance

Meaningful internal and external communication throughout the entire process of developing specific measures or measurement systems enhances the ability of an agency to provide valued results. Clear and frequent communication with all parties involved can reduce the need for reoccurring changes in measures.<sup>18</sup>

***Management:*** Solicit management's comments in the early stages to provide direction to the process.

***Operational Staff:*** Involve operational staff to help identify those measures which can provide timely and meaningful information at a reasonable data collection cost.

***Budget Staff:*** Include the agency's budget staff and, when possible, the Budget Office Analyst since they will later work with and need to understand measurement data for developing performance budgets.

***Legislators:*** Communicate early with legislators on the agency's legislative policy committee to gain insight on the proposed measures' usefulness to decision-makers.

***Customers:*** Solicit comments from agency customers and other external parties to test measures' validity and relevance.<sup>19</sup>



Maine law requires that agencies solicit input from their legislative policy committee regarding their performance measures. Legislative preference is an important consideration in determining your measures.

**Step 2: Select your  
Performance  
Measures**

A program may have many measures. It is important to remember that, at the policy level, performance measures should be broad enough to encompass the major activities covered in the program. It is not necessary that every activity be documented with a separate measure. Decision-makers will not have the time or inclination to evaluate every detail of every program. Measures selected for purposes of evaluating the program strategy in performance budgeting should be limited to the most important few. Operational measures can and should be more detailed.



**Tip:**

Use a mix of measures that describe quantity as well as quality.

No one measure can adequately communicate the performance of a program. It is usually necessary to use several, perhaps widely disparate measures. The measures should capture overall performance and provide a mix of information that balances outcomes, outputs, efficiency, and service quality data.<sup>20</sup>

**Quality and Quantity**

Consider this 4-quadrant approach to identifying a mix of performance measures that address both quantity and quality.<sup>21</sup>

	Quantity	Quality
Output	How many goods or services did we deliver?	How well did we deliver the goods or services?
Outcome	How good were our goods and services?	What was the effect of our goods or services on the customer being served?



- **Upper-left quadrant:** *How many goods/services did we deliver?*  
How many clients or customers did we serve? How many products did we produce?
- **Upper-right quadrant:** *How well did we deliver the goods or services?* What was the quality of our goods/services? Were they timely, accurate, consistent, accessible, effectively-delivered?
- **Bottom-left quadrant:** *How good were our goods and services?*  
What percentage of our customers did our goods or services impact?
- **Bottom-right quadrant:** *What was the effect of our goods or services on the customer being served?* What percentage of customers or clients showed an improvement in well-being?

*Example of Quantity/Quality Measures*<sup>22</sup>

	Quantity	Quality
Output	How many students did we teach?	What was our student-teacher ratio? What percent of teachers have advanced degrees? How “rich” is the extracurricular program?
Outcome	How many students graduated?	What percent of graduated students completed advanced placement courses? What percent entered work or college after graduation? What were avg. earnings 5 yrs. later?

### **A Few, Key Measures**

Finding a balance between too much and too little information is like walking a tight rope. Too many measures distract decision-makers and cloud what is important for policy discussion. Too few hinder a comprehensive view of performance.

### **Criteria for Selecting Performance Measures**

<b><i>Demonstrate your impact:</i></b>	There is a direct relationship to the agency’s goals and objectives
<b><i>Avoid tendency to micro-manage:</i></b>	The measures are at a high level and sufficiently broad to encompass multiple activities
<b><i>Put your measure where your money is:</i></b>	The measures relate to a major spending category in the program

**Step 3: Evaluate  
your Performance  
Measures**

<b>Showcase your successes:</b>	The measures demonstrate key accomplishments
<b>What gets measured gets done:</b>	The measures focus the agency and staff on what needs to be improved
<b>Answer those perennial legislative questions:</b>	The measures are important to legislators and other decision-makers
<b>Consider cost-effectiveness:</b>	The data are feasible to collect

**Characteristics of Good Measures**

An agency may face some challenges deciding what information to choose to track a program's performance. Measures must be credible and useful to decision-makers and program managers; clear and understandable for citizens, and relevant to the program's public purpose. Agencies should select measures that generally meet as many of these characteristics at a time as possible.

**Relevant:** the measure logically and directly relates to the program purpose.

*Example:* A program measure selected for a bureau of Alcoholic Beverages is the revenue from the sale of alcohol; the program's public purpose is to reduce alcohol consumption. The measure is not relevant to the program's purpose.

**Responsive:** the measure accurately reflects changes in level of performance.

*Example:* A Florida public utility won awards for high customer satisfaction ratings. But customer service representatives were giving people who protested their bills a write-off --a fact that only came to light after the company noticed a discernible drop in profits. The measure did not reflect any real improvement in customer service.

**Valid:** the measure captures the information intended.

*Example:* The National Park Service wants to reduce crime in parks and selected as its measure the number of criminal arrests. But this measure does not show whether crime was actually going down; a better measure would be the number of crimes reported each year by park visitors.<sup>23</sup>

**Reliable:** the measure provides accurate, consistent information over time.

*Example:* The annual snowmobile accident rate may be used to measure effectiveness of the Warden Service. Yet, the accident rate today is much greater because there are 10 times more snowmobilers in Maine than a few years ago. In this case, the department may want to use a ratio as their measure; comparing the number of accidents per number of snowmobile registrations.

**Cost-effective:** the measure justifies the cost of collecting and maintaining the data.

*Example:* The Texas Department of Insurance was tracking 76 measures. They found that some of what they were counting was not being used and was not telling anybody anything that mattered.<sup>24</sup>

**Useful:** the measure provides information of value to decision-makers.

*Example:* A police department measures the number of miles of roadway it patrols. A more useful measure might be the percentage of miles patrolled in high crime areas.

**Accessible:** the measure provides periodic information about results.

*Example:* A measure that seeks to track the life expectancy of a highway will not be available to decision-makers for 15-20 years and would not be an accessible measure.

**Comparable:** the measure can compare current performance with performance in prior years or against others' performance.

*Example:* Crime clearance rates for Prince William County, VA were low compared to other local jurisdictions. Some jurisdictions consider a case cleared when an arrest is made; Prince William County only clears a case where there's been, not only an arrest, but also a conviction.<sup>25</sup>

**Compatible:** the measure integrates with financial and operational systems.

*Example:* A measure that targets performance improvement by the end of the calendar year, but data are collected on a fiscal year basis.

**Clear:** the measure presents information in a way that different people can understand it.

*Example:* An environmental measure of the trophic quality of lakes might not be understood or appreciated by citizens.

### Unintended Consequences

Measures are designed to improve performance, but sometimes can have unintended consequences.

- Measures focus attention on what's being measured
- Measures increase visibility of program and agency performance
- Measures may cause some cheating or sabotage

#### *Example*

A measure of the number of motor vehicle moving violation citations as a public safety output may cause traffic patrol officers to become more aggressive in issuing citations. A truer measure might be the percent of convictions.



#### **Tip:**

As the old saying goes, "Garbage in, garbage out." If the right things are not measured, or are measured inaccurately, then policymakers will be misled and bad decisions will likely follow. Great care should be taken in selecting performance measures.<sup>25a</sup>

### ***Step 4: Calculate your Performance Measures***

Once an agency has decided what to measure, it needs to develop definitions and identify data needs. Definitions ensure consistency and understanding about what is being measured; guarantee accuracy in data collection, and establish a starting point from which to gauge future performance. This step is particularly important in preparation for future audits of performance measures. To ensure trust in and reliability of the measures, it is critical that an effective methodology be in place to allow their verification.

***Develop Definitions:*** A performance measure's definition establishes a clear explanation of the measure. A complete definition includes: an explanation of what the measure is intended to show; the specific data sets needed, where the data come from and how they are collected, a clear and specific methodology of how the measure is calculated, and an identification of any limitations of the data, including factors which may be beyond the agency's control. Definitions should be clear, specific, and not open to interpretation.<sup>26</sup>

*Example of Definition:* the Gulf of Maine Council's outcome is to restore fragile coastal habitats that support species that rely on them. *Explanation of Measure:* the measure is intended to show the number of acres of coastal habitat adversely impacted by agricultural development or other uses that are being restored each year. *Specific Data Used:* total acreage of each type of habitat (tidal marsh, tidal flats, sea grass, wetlands) restored in each Gulf of Maine state and Canadian province. *Data Sources:* a survey of the government regulatory agencies in the Gulf of Maine states and Canadian provinces and of the public/nonprofit entities, such as the Nature Conservancy, that undertake restoration projects. *Methodology Used to Calculate the Measure:* an aggregate number of acres restored each year. *Limitations of Data:* the data include wetlands acreage that has been, not restored back to a wetland of equal value and original function, but also acreage that has been restored to a wetland class of lower value and limited function. *Factors Outside Control:* natural flooding, as well as human influences, impact coastal habitat. *Definitions:* the Council would define the terms "coastal habitat," "wetland value" and describe the various classes of wetlands and their functions, as well as any other aspect of the measure that might not be universally understood.



### Tip:

Data must always be credible to those outside the program who are likely to look at the information.

**Document Methodology:** Adequate documentation should be retained to support the performance measure to ensure that it can be replicated and verified. *See Appendix for a sample Performance Measure Data Form.*<sup>27</sup>

**Establish Baselines:** Data are collected at the beginning of a measurement period. This initial set of data forms your baseline from which you will compare future performance measures to determine performance over time.

### ***Step 5: Collect your Data***

Once clear measurement definitions have been established and data needs identified, the next step is to figure out where to get the data.

Collecting data can be burdensome and added data collection duties may trouble staff. To address this concern, an agency should design data collection procedures that impose a minimal burden on operating personnel and avoid collecting data that add less to the analysis than it costs to collect.<sup>28</sup>

#### **Data collection considerations<sup>29</sup>**

- What information is currently being gathered? Does it meet our needs?
- Where are the data gaps? What new information needs to be collected?
- What new or modified forms/systems are needed to collect data?
- What resources will be needed to manage or collect the data? hardware? software?
- How often can or should data be collected? Who should collect it?
- How long will it take to generate numbers?

#### **Sources of Data<sup>30</sup>**

- |  |                                    |
|--|------------------------------------|
| • Mandated reports                           | • Production records/inventories   |
| • Agency records                             | • Activity/case logs               |
| • Records from other agencies                | • Permits issued/revoked           |
| • Goods or services contracts                | • Incident reports                 |
| • Annual census of users                     | • Annual reports                   |
| • Financial, performance, compliance reports | • Time, attendance, salary reports |



#### **Tip:**

Do not wait until the end of the year or month after a program is completed to collect data. Trying to reconstruct data or find respondents after the fact can be an exercise in frustration and is likely to lead to poor results. Collect data during the program activity.

### **Data Collection Tools**

- Surveys
- Focus Groups
- Trained Observers
- Data Collection Sheets
- Management Information Systems<sup>31</sup>

### **Improving the Cost-effectiveness of Data Collection**

An agency should identify methods to improve the cost-effectiveness of collecting data.

***Does someone else collect the data?*** Other state or federal agencies, nonprofit or national associations may be already doing some of the necessary data collection.

*Example:* The Maine Economic Growth Council conducts an annual survey of Maine citizens and businesses on over 100 questions ranging from citizen satisfaction of government to the percent of Maine workers receiving advanced training.



#### **Tip:**

As you identify data needs, look for any data collection that should be discontinued. This will allow you to redirect resources to collecting more useful data.

***Are there low-cost data collectors?*** Graduate students or interns might collect data. Volunteers are able collectors too.

*Example:* the Maine Coastal Program administered by the State Planning Office uses data collected by Penobscot Bay Volunteer Water Quality Monitors; volunteers who are trained and commit to 30 hours of volunteer time to take water quality samples.

***Can the data collection be integrated into program activity?*** Some instruments, such as logs or incident reports, can be implemented as part of the activity provided by the program.

*Example:* child immunization appointment reminder cards for parents can also serve as a data collection instrument.<sup>32</sup>

**Step 6: Identify  
Improvement  
Opportunities**

In the end, if the benefit of having the data does not outweigh the cost to collect it, the agency should look for an alternative measure that will provide adequate program performance information at a more reasonable cost.

**Other Data Collection Considerations :**

There are three other considerations to ensure that data collection is consistent and accurate.

**Training:** If others are involved in data collection tasks, it is important to train them. Provide data collectors with clear instructions on how to use instruments and to conduct other data collection activities.<sup>33</sup>

*Example:* Administering a survey appropriately is crucial to its validity. Staff that is involved in creating survey instruments should receive comprehensive training and instruction.

**Confidentiality:** Obtaining accurate data from respondents can often be difficult if they are concerned that data will be shared with others or that they will be identified in data analysis or reporting. Establish clear confidentiality guidelines and inform respondents about them.<sup>34</sup>

*Example:* Make surveys anonymous or assign fictitious names to data taken from interviews or focus groups; inform participants about steps taken to assure confidentiality.

**Accuracy:** Data collection systems should have effective controls to help ensure information is properly collected and accurately reported.<sup>35</sup>

*Example:* verify the accuracy of survey data by spot-checking it (some survey experts even recommend entering data twice by two different people and comparing the results to pick up errors).

Baseline performance data only give the agency a starting point to gauge its current level of performance. It does not give the agency any indication about how well it is doing or whether it can improve its performance. Agencies can use different evaluation tools to identify improvement opportunities.

**Benchmarking**

Benchmarking is the process of rating an organization's practices, processes, and products against others and then emulating them. Used extensively in the private sector, benchmarking is relatively new to the public sector. Increasingly, however, there are modern demands on government, just as there are on private businesses. Agencies face



budget constraints, new programs that are unfunded, and public dissatisfaction with services. The world is changing rapidly. Technology is changing the way people expect business to be done; fast, inexpensive, error-free, and at their convenience. There are comparable processes in the private sector against which government agencies can benchmark.

Benchmarking service delivery systems and processes against others who do it well helps public agencies identify ways to make improvements. Benchmarking also helps agencies to establish realistic, but aggressive performance targets. Benchmarking is a way to identify performance gaps.<sup>36</sup>

### Types of Benchmarking

- **Internal:** Benchmark against your own past performance; this is generally fast, cheap, easy, and comparable.
- **Competitive:** Benchmark against other government agencies -- local, state, federal; also cheap, generally easy, and usually comparable.
- **Industry:** Benchmark against private sector organizations that provide a like program (health, corrections, revenue collection) or that conduct similar processes (counter service, invoice processing, human resource management) can sometimes provide comparable data.
- **Best Practice:** Benchmark against others that are achieving the highest-level performance.<sup>37</sup>



#### Tip:

You don't necessarily have to benchmark against "the best." Benchmarking against organizations that are closer to your own performance levels allows you to opt for reasonable, incremental performance targets.<sup>37a</sup>

**Step 7: Set  
Performance  
Targets**

**Areas to benchmark for government**

- Key business practices
- Areas of customer dissatisfaction
- Applications of rapidly changing technology
- Areas of employee dissatisfaction
- Cost-heavy processes<sup>38</sup>

In benchmarking, the key is to select comparable benchmarking partners. Most processes are best benchmarked against organizations of similar size. Nevertheless, benchmarking is a learning process and the success of your efforts depends on how well you get to know the processes you're studying. Sometimes, the more diverse the organizations you look at, the better.<sup>39</sup>

**Other Evaluative Tools**

- **Program evaluation and review:** Traditional approaches; correlation analysis of cause/effect or trend analysis that determines future targets based on current and future demand for products and services, etc.
- **Process evaluation:** Flow chart/document processes and errors; reengineering/streamlining functions.
- **Customer satisfaction:** Surveys, focus groups, interviews, and other mechanisms for customer/public feedback.<sup>40</sup>



Measures and their usefulness change over time. Periodically evaluate the utility and accuracy of your measures and change when needed, but strive for comparability over time.<sup>40a</sup>

After evaluating what others are achieving, performance can be compared against benchmark partners and targets for improvement established.

**Considerations in Setting Performance Targets**

- What's required by statute?
- What do customers want?
- What do decision-makers want?
- What can we afford?

**Step 8: Analyze  
Data and Evaluate  
Performance**

Set realistic targets; ones that are achievable, but also allow you to make incremental improvements over time.

After setting targets, agencies need to monitor and evaluate results and use the results to determine need for change. The process of taking the data and organizing the information in such a way as to draw a conclusion is data analysis. With outcome data, the results of analysis should enable you to answer the question, “what changed for our customer?” With output data, you should be able to determine how much or how well you did in providing services or products to the customer.

**Data Analysis Considerations :**

- Evaluate all the factors that might affect performance
- Seek feedback from program staff and other stakeholders about any conclusions drawn
- Statistical analysis may require the assistance of an outside expert
- Consider using specialized software programs for analyzing data (especially for tabulation and analysis of survey data)

*Example: Data Analysis for Road Maintenance<sup>41</sup>*

Type of Measure	Performance Measure <sup>1</sup>	FY1997 Baseline	FY1998 Performance	Others (median)	Others (Best Practice)
Outputs	# of potholes filled linear miles of cracks sealed miles maintained	3,012 950 3,000	3,000 1,000 3,000	n/a n/a 3,500	3,200 1,000 2,900
Efficiency	cost per lane mile cost per lane mile in satisfactory condition lane miles maintained per FTE	\$9,500 \$18,750 25	\$9,333 \$18,667 25	\$5,161 \$6,668 30	\$2,909 \$3,059 40
Service	percent of citizens rating road conditions as good or better	50%	50%	75%	88%
Intermediate Outcome	percent of road inventory in satisfactory or better condition	47%	50%	77.4%	95.1%
Outcome	# of highway fatalities per lane mile maintained	.05	.05	.0333	.02

**Evaluate performance**

- Are the data adequate?
- Does the data show areas that need improvement?
- Does data show the program is inefficient, ineffective, or unproductive?
- Does the data show a change in performance?
- What factors influence performance?
- What changes need to be implemented that will improve performance?<sup>42</sup>

***Step 9: Use  
Performance  
Information as a  
Management Tool***



**Tip:**

Data analysis may show a relationship between your service and an outcome; but it will not prove that your program efforts caused the outcome.

To be useful, performance measurement must be more than a score-keeping exercise. Managers and decision-makers must use performance measures. A well-designed performance measurement system can support many activities like policy analysis and development, work planning, budgeting, program management and evaluation, contract monitoring, staff direction, work unit or employee evaluation, and public reporting.

- **Demonstrate leadership commitment :** Discuss measures frequently at staff meetings; allocate adequate time and resources to the effort; encourage policy-makers to ask for and use the information.
- **Provide training :** Train staff on how to develop measures; collect data, and use performance measurement information.
- **Encourage use with incentives:** Simplify management rules and regulations; give managers greater decision-making authority over their budget resources; reward staff for innovative ideas that improve performance.
- **Integrate performance information into other MIS systems :** Use existing data collection methods, align data collection systems with key management cycles (i.e. year-end, budget preparation, annual report).
- **Tailor reports to meet decision-makers' needs :** Focus reports to the truly important performance information; avoid information overload that will discourage the user; ensure that reports coincide with important decision-making processes.

- **Align the human resources systems to support a “results emphasis:”** Communicate the agency’s objectives to employees individually and show how their job contributes to the programs being measured; discuss quantitative and qualitative performance expectations with each employee; document performance throughout the year, while also providing ongoing feedback and coaching.
- **Educate employees and the public about the benefits and limits of performance measures:** Present agency performance in public meetings or hearings; describe how measurement assisted the agency to make improvements<sup>43</sup>



### Tip:

The best and easiest way to ensure the use of performance information is to be obvious about the use of performance measures in decision-making.

## *Step 10: Report your Performance*

The public wants to know how programs perform. Performance information helps allay the public’s cynicism about government programs’ performance. When programs perform well, they boost the public’s confidence.

### **Reports**

- Keep reports simple, meaningful, and user-friendly
- Report on an established, regular basis; not too frequently
- Create separate reports for different audiences
- Use more than one media to communicate results

### **Communicate Results**

- Establish a regular reporting process and build it into management systems
- Managers may want more frequent and detailed information than citizens
- Meet with users to discuss what is included in the information reported and the limitations associated with the data<sup>44</sup>

SECTION 5:  
ENHANCE THE  
USEFULNESS OF  
A  
PERFORMANCE  
MEASUREMENT  
SYSTEM

### What to Communicate

- Restate your objective; include baseline data and targets
- Describe progress toward achieving your objective; use charts and graphs
- Describe trends in performance of the various programs being measured
- Include explanations where performance varies significantly from targets or from previous levels
- State ideas for improvement and next steps<sup>45</sup>

### What if Performance News is Bad?

Almost certainly every performance report will include some measures showing results below expectations (compared to targets). In fact a performance measurement system is intended to surface problems so that improvements can be affected where needed. Agencies should include with their performance reports explanations as to why missed targets occurred and identify the steps taken, or being planned, to correct the problem.<sup>46</sup>

*Performance measures are but one aspect of the information used to assess accountability and make decisions. This assessment involves determining the value of a program, or the comparative value of two or more programs. Decisions about which program is needed and what resources should be allocated to a program depend on how decision-makers value the results that can be achieved by each program.*<sup>47</sup>

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As with any data, there are limitations associated with using performance measures. However, if we recognize these limitations and mitigate problems where we can, measurement and reporting provides essential information to assist policy-makers and program managers in assessing a program's value.

- **Stay Committed:** Performance measurement requires a strong commitment to ensure it is carried out.
- **Be patient:** It takes a great deal of time for performance measures to be used effectively in decision-making. The more they are available, however, the more likely they will be used.
- **It's a long-term undertaking:** Unless you have data from prior years, it will be many years before there is sufficient data to spot trends.

## SECTION 6: CONCLUSION

- **Be realistic:** Don't oversell performance measures as a means to reform government; they are only information.
- **Add explanatory information:** Performance measures should be accompanied by explanatory information to help understand why the measure was used, how to interpret the measure, and what else affects the reported results.
- **Use multiple measures:** No single, composite measure can adequately communicate the results of providing a service or of administering a program; families of measures should be used.

Remember, performance measures won't improve performance alone. They only provide information about the level of performance being achieved. Additional information gathered through program evaluations will help decision-makers understand why a program is performing at reported levels.<sup>48</sup>

*Accountability focuses attention on performance. Financial measures are no longer enough. To fully gauge performance, measures about the products or services which public money supports must complement existing financial indicators. A comprehensive system of performance measurement is one way to monitor public agencies' performance.*

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Performance measures should not be seen as an instant cure. Rather measures more aptly are another variable to monitor and improve agency operations. In fact, good performance measures generally raise more questions than they answer. As long as decision-makers understand the limitations, as well as the benefits associated with performance measurement, significant improvements are possible.<sup>49</sup>

SECTION 7:  
APPENDICES

- *Performance Measurement Data Form*
  - *Sample Performance Measures for Maine Budget Programs*
  - *Maine’s Performance Budgeting Law*
  - *Frequently-asked Questions about Performance Measurement*
-



## Appendix: Performance Measure Data Form<sup>50</sup>

Performance Measure Data Form						
Program Name: Program Account #: Name of Contact Person:						
						Telephone#:
Performance Measure Trend Data						
	FY 1999 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate	FY 2002 Expected	FY 2003 Expected
Performance Measure Title:			Definition of Performance Measure:			
Type: (Outcome, Input, Output, Efficiency, Service, Explanatory):			Definition of Key Terms:			
What is the measure intended to show:						
How is the measure computed:						
Data Set:			Data Sources:			
Has benchmarking been used to set performance targets?  ____ Yes ____ No			Benchmarking Sources/Standards			
Limitations of Data:						
Date measure calculated:			Target date for next calculation:			

## Appendix: Sample Performance Measures for Maine Budget Programs<sup>51</sup>

### CORRECTIONS, DEPARTMENT OF 03

<b>Goal: E</b>	<b>To ensure that Maine people and communities are protected from further criminal behavior from offenders who are under the department's jurisdiction.</b>
<b>Objective: E-4</b>	<b>To reduce the rate of recidivism of adult offenders who have been released from the department's supervision.</b>

#### **Program: Downeast Correctional Facility 0542**

Provides for the public safety of Maine citizens by providing prisoner care, custody, vocational and treatment programming and community service opportunities.

#### **Description of Program Activities:**

Downeast Correctional Facility is located in Bucks Harbor, Washington County. The facility houses medium and minimum security offenders and provides education, treatment, industries and community restitution.

<b><u>Funding</u></b>	<b>FY 00 Approp/Alloc</b>	<b>FY 01 Approp/Alloc</b>	<b>FY 02 Dept</b>	<b>FY 03 Dept</b>	<b>FY 02 Budget</b>	<b>FY 03 Budget</b>
<b>General Fund</b>	3,872,811	4,159,503	4,348,647	4,417,634	4,348,647	4,417,634
<b>Federal Expenditures Fund</b>	43,798	43,798	43,798	43,798	43,798	43,798
<b>Other Special Revenue Funds</b>	25,000	25,000	75,000	118,798	75,000	118,798
<b>TOTAL</b>	<b>3,941,609</b>	<b>4,228,301</b>	<b>4,467,445</b>	<b>4,580,230</b>	<b>4,467,445</b>	<b>4,580,230</b>
<b><u>Positions</u></b>						
<b>General Fund</b>	71.000	71.000	71.000	71.000	71.000	71.000
<b>TOTAL</b>	<b>71.000</b>	<b>71.000</b>	<b>71.000</b>	<b>71.000</b>	<b>71.000</b>	<b>71.000</b>

<b><u>Performance Measures</u></b>	<b>Baseline</b>	<b>FY 00</b>	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	<b>FY 02</b>	<b>FY 03</b>
1 Average daily occupancy rate	158%	167%	167%	131%	105%	131%	105%
2 Percentage of prisoners who participate in Rehab & Treatment	19.7%	19.7%	19.7%	25.0%	31.0%	25.0%	31.0%
3 Percentage of prisoners who participate in educational, vocational and industries programs	39.5%	39.5%	39.5%	29.6%	27.6%	29.6%	27.6%
4 Percentage of prisoners holding job assignments that support the operations of the facility	40.5%	40.5%	40.5%	64.5%	64.5%	64.5%	64.5%
5 Number of hours community service performed by prisoners	21,179	25,415	30,500	22,000	19,200	22,000	19,200

LABOR, DEPARTMENT OF 12

<b>Goal: A</b>	<b>Every person can find employment that meets his or her career and economic aspirations, and every Maine employer can find qualified employees.</b>
<b>Objective: A-1</b>	<b>The availability of skilled workers will increase as indicated by Maine Employers.</b>

**Governor's Training Initiative Program - 0842**

The Department will provide funding to subsidize training for workers in firms intending to expand or locate in the State, reorganize a workplace to remain competitive or upgrade worker skills.

**Description of Program Activities:**

This program coordinates and financially supports training for firms that are expanding or locating in Maine, reorganizing their workplace, or upgrading worker skills. Training is customized to each employer's needs and timetable.

<u>Funding</u>			FY 00	FY 01	FY 02	FY 03	FY 02	FY 03
			Approp/Alloc	Approp/Alloc	Dept	Dept	Budget	Budget
General Fund			3,281,471	3,922,588	3,359,161	3,371,481	3,359,161	3,371,481
TOTAL			3,281,471	3,922,588	3,359,161	3,371,481	3,359,161	3,371,481
	<u>Performance Measures</u>	Baseline	FY 00	FY 01	FY 02	FY 03	FY 02	FY 03
1	Number of new hires that are trained	666	2,356	2,600	2,600	2,600	2,600	2,600
2	Number of incumbent workers that are trained	4,580	3,098	3,300	3,300	3,300	3,300	3,300
3	Average cost per new hire trained	1,122	745	750	750	750	750	750
4	Average cost per incumbent worker trained	499	459	460	460	460	460	460
5	Number of firms requesting training	70	80	90	95	100	95	100

# HUMAN SERVICES, DEPARTMENT OF 10A

<b>Goal D</b>	<b>To assist elders and adults with disabilities to remain independent and to protect incapacitated and dependent adults from neglect, abuse and exploitation.</b>
<b>Objective D - 1</b>	<b>Maintain a level of support and services for Maine's elders and adults with disabilities to improve their opportunities for independence and safety.</b>

## Elder and Adult Services, Bureau of 0140

Administer long term care, nutrition, social, ombudsman, legal, resource development, employment, volunteer, adult protective and guardianship services.

### Description of Program Activities:

The Bureau of Elder and Adult Services administers health and social services programs to assist elderly and disabled adults to remain independent in their communities, and the Adult Protective Services/Public Guardianship program which serves 3,600 adults annually.

<u>Funding</u>	<b>FY 00</b>	<b>FY 01</b>	<b>FY 02 Dept</b>	<b>FY 03 Dept</b>	<b>FY 02 Budget</b>	<b>FY 03 Budget</b>
<b>General Fund</b>	8,601,678	9,584,401	9,934,556	10,083,920	9,934,556	10,083,920
<b>Federal Expenditures Fund</b>	6,649,445	6,675,853	6,893,345	7,067,933	6,893,345	7,067,933
<b>Other Special Revenue Funds</b>	327,731	334,247	64,304	65,756	64,304	65,756
<b>TOTAL</b>	15,578,854	16,594,501	16,892,205	17,217,609	16,892,205	17,217,609

### Positions

<b>General Fund</b>	73.500	74.500	74.500	74.500	74.500	74.500
<b>Federal Expenditures Fund</b>	10.500	10.500	10.500	10.500	10.500	10.500
<b>Other Special Revenue Funds</b>	1.000	1.000	1.000	1.000	1.000	1.000
<b>TOTAL</b>	85.000	86.000	86.000	86.000	86.000	86.000

	<u>Performance Measures</u>	<b>Baseline</b>	<b>FY 00</b>	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	<b>FY 02</b>	<b>FY 03</b>
1	Maine adults who use area agencies on aging as a source of information	34%	35%	38%	39%	40%	39%	40%
2	Meals on Wheels participants at high risk of malnutrition receiving follow-up counseling	25%	25%	27%	28%	30%	28%	30%
3	Adult protective services investigations that result in service provision	83%	83%	85%	87%	87%	87%	87%
4	Older persons served as % of total elderly population in Maine	28%	29%	30%	30%	30%	30%	30%
5	Consumers reporting satisfaction with benefits counseling	70	72	73	74	75	74	75
6	Persons receiving transportation assistance	1,694	2,158	2,170	2,180	2,190	2,180	2,190

## Appendix: Maine's Performance Budgeting Law

P.L. 1995, Chapter 705

P.L. 1996, Chapter 184 (revisions)

P.L. 1997, Chapter 764 (revisions)

P.L. 1999, Chapter 561 (revisions)

Be it enacted by the People of the State of Maine as follows:

### 5 MRSA § 1710-K et seq

#### § 1710-K. Performance Budgeting; definitions

1. **Definitions.** As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

- A. “*Commission*” means the Commission on Performance Budgeting
- B. “*Measurable Objective*” means a specific, quantifiable outcome that defines how the agency will achieve its goals and that defines the actual impact on the public being served rather than the level of effort expended by the agency. The use of the measurable objective is a tool to assess the effectiveness of an agency’s performance and the public benefit derived.
- C. “*Performance Budgeting*” means the method for developing and finalizing an agency’s request for appropriations or allocations derived from its strategic plan and consistent with an agency’s statutory responsibilities. Performance budgeting allocates resources based on the achievement of measurable objectives, which in turn, are related to the agency’s mission and goals.
- D. Repealed.
- E. “*Program*” means a grouping of activities and expected results that are directed towards the accomplishment of a set of goals and objectives consistent with statutorily-defined missions and represents a department, bureau, division, or operational entity to which the Legislature appropriates or allocates resources as defined by the Legislature.
- F. “*State Agency*” means an executive department, executive agency, independent agency, organization, corporation, or association that receives a direct allocation or other appropriation from the State or is required to comply with chapter 149, except that for the purposes of this chapter “state agency” does not include the Maine Sardine Council, the

Maine Lobster Promotion Council, the Maine Potato Board, the Maine Dairy Promotion Board, the Maine Dairy and Nutrition Council, the Maine Blueberry Commission, or the Maine Indian Tribal-State Commission. “State agency” does not include the legislative branch or the judicial branch.

G. “*Strategic Plan*” means a long-range, policy-oriented document that maps an explicit path between the present and a vision of the future. A strategic plan is derived from an assessment, goal-setting, and decision-making process that relies on careful consideration of an agency’s capabilities and environment. A strategic plan identifies a state agency’s statutorily defined mission, goals, measurable objectives, and strategies and leads to priority-based resource allocation and other decisions. For purposes of implementing this chapter, the Bureau of the Budget may prescribe the format and process for developing a strategic plan for performance budgeting.

H. Repealed.

I. “Department of agency goals” means general ends toward which a department or agency directs its efforts based on issues that have been identified as priorities. They are broad statements of department or agency policy, as derived from the statutorily defined mission, that are ambitious and provide a direction toward which the department of agency intends to head.

J. “Strategy” means the methods to achieve department or agency goals and objectives. A strategy may be employed by a department or agency bureau, division, program or organizational entity having identifiable management responsibility and measures of accountability approved by the Legislature.

**§ 1710-L. Commission on Performance Budgeting established; membership; appointment**

**1. Commission established.** The Commission on Performance Budgeting, as established in section 12004-L, subsection 29-C, is established to monitor, track, and guide performance budgeting in State Government and to report to the Legislature and the Governor periodically on recommendations for improvements in performance budgeting.

**2. Membership.** The commission is composed of the following 13 members:

A. Two members of the Senate and 2 members of the House of Representatives who serve on the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs, appointed by the presiding officers of their respective legislative bodies;

B. One member of the Senate and one member of the House of Representatives who serve on the joint standing committee having jurisdiction over state and local government matters, appointed by the presiding officer of their respective legislative bodies;

C. Six members representing state departments, appointed by the Governor; and

- D. One member representing the judiciary, appointed by the Chief Justice.

At least one of the legislative members appointed by the President of the Senate and one of the members appointed by the Speaker of the House of Representatives must belong to the political party that has the 2nd largest number of members in the legislative body of that appointed member.

**3. Chair.** The President of the Senate and the Speaker of the House of Representatives shall appoint a chair from among the legislative members of the commission.

**4. Time of appointment; terms.** Commission members must be appointed in January of each odd-numbered year and serve 2-year terms, except that the initial commission members must be appointed within 30 days of the effective date of this section and serve until January 1998.

#### **§ 1710-M. Duties of commission**

**1. Provision of guidance and advice.** Provide strategic guidance and advice to the Legislature and the Governor regarding performance budgeting in State Government, including the methods and strategies used by departments and agencies for the collection and evaluation of information related to programs and services provided, public benefits, services not provided, coordination, alternatives, and impact. The commission shall also provide guidance and advice on the methods and strategies for implementing performance budgeting in State Government;

**2. Evaluation.** Evaluate the structure and system of performance budgeting in State Government;

**3. Review of performance budgeting information.** Receive and review performance budgeting information on a periodic basis from the Legislature and the Governor;

**4. Research.** Research national trends among other states in the implementation of performance budgeting; and

**4-A. Auditing.** No later than January 15, 2001, recommend to the Legislature and the Governor the most cost-effective method for State Government to annually validate measurable objectives and conduct audits of the performance budgets for the most recent fiscal year.

**5. Report.** Report periodically to the Legislature and the Governor on recommendation for improvements in performance budgeting in State Government.

#### **§ 1710-N. Staffing**

The commission shall receive staff assistance from the Legislative Council. The State Planning Office, the Bureau of the Budget, the Department of Audit, and the Department of Administrative and Financial Services shall provide staff assistance upon the request of the chair

of the commission. The heads of all departments and agencies of State Government shall cooperate with the commission on matters related to performance budgeting including, as necessary, the provision of staff to work with the Bureau of Budget, the State Planning Office, the Legislative Council, the Department of Audit, and the Department of Administrative and Financial Services.

**§ 1710-O. Meetings**

The commission shall meet at least quarterly. Additional meetings may be called by a majority vote of the commission or by the Chair of the commission. All meetings are open to the public.

**§ 1710-P. Performance Budgeting**

State government shall fully implement performance budgeting, according to the following schedule:

**1. Repealed**

**1-A. Development of draft strategic plan.** By December 1, 1998, each state agency shall develop a draft strategic plan. During preparation of the plan, each agency shall consult with and receive comments from the joint standing committee of the Legislature having jurisdiction over that agency's matters. Each state agency shall provide copies of its draft strategic plan to the Director of the State Planning Office, the State Budget Officer, the Director of the Office of Fiscal and Program Review, the Director of the Office of Policy and Legal Analysis and the joint standing committee of the Legislature having jurisdiction over that agency's matters for their review and comment.

**2. Repealed**

**3. Repealed.**

**3-A. Repealed.**

**3-B. Submission of final strategic plan for legislative review.** No later than December 1, 1999, each state agency shall submit its final strategic plan for review and comment to the joint standing committee of the Legislature having jurisdiction over that agency's matters. Copies of each final strategic plan must be provided to the Director of the State Planning Office, the State Budget Officer, the Director of the Office of Fiscal and Program Review and the Director of the Office of Policy & Legal Analysis.

**4. Repealed.**

**5. Repealed.**

**6. Repealed.**



**6-A. Interagency coordination of strategic plans.** By September 1, 2001, each state agency shall identify programs within the agency that have the same or similar goals and objectives as one or more other state agencies; consult with those agencies; coordinate strategies for achieving those goals and objectives so the goals, objectives, and strategies of the agencies are not in conflict; and submit revised strategic plans for review and comment to the Director of the State Planning Office, the State Budget Officer, the Director of the Office of Fiscal & Program Review, the Director of the Office of Policy & Legal Analysis and the joint standing committee of the Legislature having jurisdiction over that agency's matters.

7. Repealed.

8. Repealed.

**9. Prototype performance budget.** By December 31, 1999, the Governor shall present a prototype budget bill and budget document to the Second Regular Session of the 119th Legislature for its review in a performance budget format utilizing performance measures and indicators that reflect legislatively approved appropriations and allocations for fiscal years 1999-2000 and 2000-01. The Second Regular Session of the 119th Legislature shall, by resolve, make recommendations to the Governor for changes or modifications to the prototype budget bill and budget document for use in the 2002-2003 biennial budget submission.

**10. Development of state agency budget proposals consistent with strategic plans.** By September 1, 2000, in accordance with section 1665, each state agency and associations receiving or desiring to receive state funds under provisions of law shall prepare and submit to the Bureau of the Budget proposals for the 2002-2003 biennium in a strategic plan and performance budget format prescribed by the Bureau of the Budget. Goals, measurable objectives and strategies for each program must be identified in a budget document and a budget bill. In accordance with section 1666, the Governor, with assistance from the Bureau of the Budget, shall review, revise, alter, and increase or decrease the budget proposals in a strategic plan and performance budgeting approach for submission to the First Regular Session of the 120th Legislature including a budget document and budget bills representing the Governor's budget recommendations and priorities in a strategic plan and performance budget format for the 2002-2003 biennium.

**11. Biennial strategic plan revisions and performance budgets.** Each state agency shall periodically review, and after consultation with the joint standing committee of the Legislature having jurisdiction over that agency's matters, update and revise its strategic plan, including goals, measurable objectives and strategies for fulfilling its statutory responsibilities. Revised plans must be submitted no later than December 1, 2000 and no later than December 1st of each even-numbered year thereafter to the Director of the State Planning Office, the State Budget Officer, the Director of the Office of Fiscal and Program Review, the Director of the Office of Policy and Legal Analysis and the joint standing committee of the Legislature having jurisdiction over that agency's matters for their review and comment.

**12. Participation.** The legislative branch and the judicial branch may elect to participate or to not participate in any aspect of this chapter.

The goals, measurable objective and strategies, as revised, that support each program for which an appropriation or allocation is provided or sought must be identified in each budget document and budget bill representing the Governor's budget recommendations and priorities in subsequent biennia.

**§ 1710-Q. Repeal.**

This chapter is repealed July 1, 2007.

**1. Report on repeal; legislation.** The Commission on Performance Budgeting shall provide recommendations by January 1, 2003 to the Governor and the joint standing committee of the legislature having jurisdiction over State Government matters concerning the need for repealing the repeal of the Maine Revised Statutes, Title 5, chapter 151-C and extending authorization for the implementation of performance budgeting. The committee may report a bill based on these recommendations.

## **Appendix: Frequently Asked Questions about Performance Measurement<sup>52</sup>**

### **1. What is performance measurement?**

Performance measurement means many things to many people. Generally, it refers to a method of measuring the progress of a budget program in meeting its stated objective or in achieving its public purpose. Performance measurement is an important aspect of evaluating government effectiveness.

### **2. To what does the term “budget program” refer?**

A “budget program” is defined by the Legislature in the budget process. It is a grouping of activities to which appropriations or allocations are authorized by the Legislature. It is usually one that involves significant expenditures; represents a functional entity of a department or agency; or has achieved a high profile for political or other reasons.

### **3. Who is the intended audience for budget program performance measures—the public, elected officials, or agency employees and managers?**

All of the above. Performance measures serve four purposes simultaneously: (1) they generate information so that policy-makers can determine the extent to which programs are successful; (2) they provide information about the volume of products or services that are possible given funding levels; (3) they create incentives and systems to improve delivery of public services; and (4) they inform citizens by providing a record of government’s performance in providing effective and efficient services. For general purposes, performance measures should be directly related to the goal and objective of the budget program being considered and be presented in a form that is useful to experts and non-experts alike.

### **4. Will Legislators really use performance measures to make decisions? If not, why should agencies devote so much time to measurement?**

There is no guarantee on this. But if agencies present accurate information on issues that are central to key policy decisions, and if the agencies use the reports in public forums to help provide a context for budget and policy discussions, performance measures will be more likely to attract attention. Even if an agency finds little public interest in its measures, it should remember that the measures are used within the agency by managers and program staff.

### **5. What if the law doesn’t specify a program’s public purpose? What if an agency disagrees with the purpose described in law?**

If a program’s fundamental purpose is not specified in law, the agency should assure, as much as possible, that it is consistent with legislative intent. Resources that could be useful to an agency in this process are: the budget bill and supporting documents, legislative resolves and other statutory guidelines; the State Government Annual Report; and, in some cases, federal program guidelines. If an agency is unsure of or disagrees with the purpose described in law, it should request clarification from the Legislature. A clear statutory purpose statement cannot be set aside by an agency in favor of its own concept of its public purpose.

### **6. How are performance measures linked to the budget?**

Agencies should develop a series of performance measures for each budget program to which the Legislature appropriates or allocates funding. It is expected that policy-makers will want to see a

direct correlation between budget items and performance measures. The measures should cover the major activities for which funding is being provided and they should be relevant to the agency's goals and objectives (i.e. is it reasonable that if the agency improves its performance in the areas being measured that progress will be made towards the goal and objective for that budget program?). Measures should help readers fully assess overall program performance given resources provided.

#### **7. How much of what agencies do should be linked to performance measures? Should every activity be included?**

In general, the number of performance measures per budget program should be roughly proportionate to the size and scope of the program. Larger, more complex budget programs should have more measures than those that are smaller and have fewer activities. While measures should be developed that cover the major activities of a program, it is not necessary, nor is it desired, that every activity be documented with a separate measure. Measures selected for purposes of evaluating the budget program should be limited to the most important few.

Measures can, however, be developed for every level of the organization from the bureau or division to the individual employee. Undoubtedly, agency managers will need more detailed measures and more frequent data for some types of activities that are of lesser concern to others. For example, a manager may want to know the percentage of gas pumps tested by state inspectors by regions of the state, whereas the Commissioner may want to know the rate of compliance of gasoline stations, and the Governor and Legislature may be most interested in the improved health effects from eliminated MBTEs. Measures need to be appropriate to the level in the organization in which the measure is being used.

Agencies cannot and should not try to measure everything that they do. It is impossible and would cost more than it is worth. Some things simply cannot be measured on an ongoing basis. Other things would require complex research projects and/or cost accounting systems. The key is to develop a balance of measures that is useful to policy-makers and managers and whose use warrants the cost to collect the measures' data.

#### **8. In general, what kinds of information should agencies report along with performance measures?**

Measures do not stand alone but flow from the agency's strategic plan. Agencies also need to provide some context, as follows:

- statutory references for each budget program;
- goals and objectives for each budget program;
- explanations of external factors that may affect performance;
- explanations of measurement methodology;
- trend data for each measure and the baseline and target level of performance

This type of information is likely to become part of the budget document that supports the State's performance budget.

#### **9. Should agencies have performance measures for programs where they distribute funds to others, such as local governments? Should they have performance measures for**

**programs that are primarily funded from non-state money or from non-governmental sources?**

As much as possible, agencies should include goals, objectives, and performance measures for major programs paid for with federal funds, grants, or other revenues, and for programs that administer “pass through” funds. The same goes for programs where private contractors deliver services. One goal of performance measurement is to improve accountability for public dollars and policy-makers need to know what results are being achieved through all spending, even when dollars are allocated from varying sources or are passed on to other organizations where services are delivered. In general, a performance measurement system should provide performance-related information that policy-makers need to make informed budget or policy decisions and to exercise proper oversight. In distributing funds to others, agencies should specify performance measures that will provide satisfactory methods of evaluating the results of work to be completed by third parties (i.e. performance-based contracts, performance grants, etc.). Also, in receiving funds from other sources, agencies may be required to report on measures specified by the funding entity.

**10. Should measures of internal administrative functions be developed for each budget program?**

Generally, no, unless the Legislature appropriates or allocates funds to a specific administrative budget program, such as the Commissioner’s Office, Administration, Administrative Service Center, etc.. Examples of internal administrative measures might be financial indicators, number of hours of computer downtime, employee turnover rate, or customer or employee satisfaction measures, etc..

Agencies are tempted to report on their internal functions because data are handy, but these functions are a means to an end, and performance measurement is supposed to focus on results. Internal administrative measures are, however, appropriately developed and used within the agency to improve efficiencies of administrative processes.

**11. Should agencies develop performance measures when results can be affected by factors other than agency programs?**

Government agencies obviously are only one of many change agents. They should not claim sole credit for positive results nor take all the blame for failure. However, agencies should try to measure the results of programs for which they are accountable and evaluate the extent to which their service delivery or operations impacted the results achieved.

**12. What is the difference between an outcome measure and a performance measure?**

An outcome measure is one type of performance measure. It is generally applied to the agency’s objective. It measures, not the goods or services produced by the agency, rather the impact on the customer or public being served.

For example:

*Outcome Measure Example:*

Objective: Increase safety in Maine communities.

- Outcome Measure: number of people who indicate, by survey, that they feel safe in their communities

Other performance measures are applied to the budget program and they are intended to describe the goods and services produced by the agency given the funding resources available.

Performance measures at this level are often output measures, but should include a balance of measures, including intermediate outcome, input, service, and efficiency measures.

### *Performance Measures Example*

Program: STATE POLICE (related to an objective of enhancing community safety)

- number of miles of roadway patrolled (output)
- percent of those arrested who are convicted (output)
- cost per conviction (efficiency)
- satisfaction of legal community with criminal arrest procedures (service)
- number of crimes reported in Maine per 1,000 population (intermediate outcome)

### **13. What do output measures tell us?**

Output measures can inform the decision-maker about what and how much is being produced with funds appropriated/allocated to a budget program. They do not provide information about the quality of the service or product or the effectiveness of the provision of the good/service. For example, while the number of miles of road patrolled by police might be an output measure selected by a department, other measures that might accompany the output measure are:

- percent of patrol time spent in high crime areas;
- average number of miles of road patrolled per officer per shift; or
- percent of roadway miles patrolled an average of at least twice per hour.

In many cases, data are not available for highly specific measures and collecting it will require time and resources. It may be that an agency starts out with simple output measures, but after they become more experienced, or as data collection resources permit, move to more sophisticated measures.

### **14. What are the characteristics of ideal performance measures?**

Ideally they would have these key characteristics: (1) they are quantified —meaning that it is possible to report numeric data such as a count, a score, a percentage, or a ranking; (2) they are relevant over an extended period of time such as five or ten years —measures that are only useful for a few years become obsolete too quickly before a pattern of performance can be established; and (3) they assess the extent to which a budget program is being successfully implemented —the link between a performance measure and its related goal and objective is obvious.

### **15. What criteria should be used to determine whether a performance measure is appropriate?**

In general, a performance measure is appropriate if it has the characteristics outlined in the preceding definition: quantified, relevant over the long-term, and related to an agency's goal and objective. Measures should be clear, informative, and credible. In addition, data collection for the measure must be feasible.

Measures that are inappropriate are those that are not performance measures. Sometimes, agencies simply call quantified information “performance measures.” Other times they dwell on the actions and plans that programs complete rather than the results those programs achieve. For example, agencies have offered the number of reports submitted to the Legislature, the number of rules written, the number of meetings held, etc. as performance measures. These are not relevant performance measures because they do not directly measure progress towards accomplishing an agency’s public purpose.

Basically, managers and evaluators should test performance measures against the common-sense criterion: is the measure useful in determining whether or not the government agency is achieving its public purpose?

**16. How can we be sure that the measure truly reflects improvement in an agency’s performance?**

Measures should be responsive to actual changes in agency performance. An agency should be aware that simply reporting an activity may cause a change in behavior or specific agency action may cause variations in data reported. Explanatory information may be necessary to interpret data trends that are responding to other influences.

For example, if a tax collection agency begins to evaluate its performance based on the amount of uncollected taxes recovered; awareness of the new measure alone may cause a spike in the amount of delinquent payments collected. That may wane after time and procedural or other changes may be necessary to create long-term performance improvements. Or if, an agency conducts an awareness program to encourage reporting suspected child abuse and it sees the number of child abuse incidents reported increase, it should not necessarily conclude that child abuse is on the rise.

**17. What if the measurement of some aspect of performance would cost too much money or is impractical? Can agencies skip measures for some objectives or programs?**

It does not make sense for agencies to skip developing measures for any objective or budget program. Good information is the reason for performance measurement systems. Agencies need to develop practical, not perfect, measures for their programs and begin collecting data as soon as possible. They should avoid developing performance measures for which it is impossible or impractical to collect data.

**18. What is the difference between “explanatory measures” and performance measures?**

Explanatory measures, by definition, are included in performance measurement systems because they may be needed to calculate or interpret results. Such information often can give readers a sense of a program’s scope and the context in which a performance measure is applied. For example, if a performance measure looks at the percentage of cases in which a regulated entity is meeting a particular standard, then the total number of cases that agency handles in a year might be a useful explanatory measure. Explanatory measures typically do not directly measure progress toward the program’s objectives, but provide a context to understand the performance measures.

**19. What kind of measure is a benchmark?**

Benchmarking is an evaluative process rather than a performance measure. It allows agencies to measure its performance against “best practice” standards set by others. It is a way to identify who is doing something well that the agency could replicate to improve its own performance. For example, an agency whose mission is to stimulate economic opportunity could compare their “new business start-ups” with the new business start-ups in other states. By identifying who has the most success in creating new businesses, the agency could research what programs and activities are most successful. Any performance measure can be benchmarked. An agency could compare efficiency rates among different units within it; customer satisfaction rates against other agencies; or its own performance against accepted industry standards.

**20. What if agencies restructure or change a budget program or performance measure over time?**

Changes in legislatively-approved budget programs are subject to legislative and administrative controls (i.e. position counts, allotment limits, etc.). Changes in measures are to be expected at first, but should be minimal in the future. When performance budgeting is implemented, performance measures will be approved by the Legislature as part of the State budget. Changes can be made consistent with the biennial strategic planning revision schedule and budget process as outlined in statute.

If changes are warranted, agencies should list key items that have been changed or corrected and provide a simple explanation such as “error,” “delete,” “change in plans.” Agencies should maintain an audit trail so they can explain the changes.

**21. What should agencies do about errors and omissions in past data? Should they correct the record or stick with the previous results?**

Data should be as accurate as possible. So, yes, errors and omissions should be corrected when found, although it is not typically necessary to reissue previous reports or documentation. On the other hand, such changes could affect current objectives and performance targets and those adjustments should be made, documented, and reported.

**22. What if agencies didn’t achieve the level of performance that they targeted previously?**

Agencies should not change performance targets that were set for previous years (tempting as this might be), but they can and should change the time frame for achieving future targets depending on actual results and assessment of what is realistic to achieve. Agencies should also analyze why they didn’t meet their targeted level of performance and make program implementation changes accordingly.



SECTION 8:  
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## End Notes

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- <sup>5</sup> Commonwealth of Virginia, *Virginia's Planning and Performance Handbook*
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